

This Agreement is made this day of ,
1978 by and between The Boston Terminal Corporation, a
corporation organized and existing under the laws of the
Commonwealth of Massachusetts ("BTC"), and Boston Redevelop-
ment Authority, a public body politic and corporate organized
pursuant to Chapter 121B of the Massachusetts General Laws,
as amended, ("BRA").

WHEREAS, Henry M. Leen, Trustee of the property of BTC
("Trustee"), and BRA entered into an agreement dated as of
December 31, 1965 pursuant to which certain property commonly
known as South Station (the "Property") in Boston, Massachusetts
was conveyed by BTC to BRA (the "Purchase and Sale Agreement");
and

WHEREAS, in connection with the aforesaid sale, Trustee
and BRA entered into a management and occupancy agreement
dated as of July 1, 1965 (the "Management Agreement") and a
certain agreement dated as of July 1, 1965 pursuant to
which, inter alia, BRA granted to BTC the right to use part
of the Property (the "Track License Agreement"); and

WHEREAS, BRA delivered to Trustee, in part payment for
the purchase price of the Property, a promissory note dated
July 1, 1965 in the original principal sum of TWO MILLION
SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$2,725,000) (the
"Note"), which Note is secured by a mortgage (the "Mortgage")
dated as of July 1, 1965 on part of the Property (the property
subject to the Mortgage being hereinafter referred to as the
"Mortgaged Property"); and

WHEREAS, BRA and BTC are parties to a certain agreement dated January 15, 1970 pursuant to which, inter alia, BTC agreed to abandon certain property which it had a right to use under the Track License Agreement (the "Abandonment Agreement"); and

WHEREAS, BRA, BTC and the Trustees of the property of the Penn Central Transportation Company are parties to a Memorandum of Understanding dated October 2, 1972 (the "Memorandum of Understanding") (The Purchase and Sale Agreement, Track License Agreement, Management Agreement, Abandonment Agreement, Memorandum of Understanding and any other agreements or understandings by and between the BRA and the BTC, expressly excluding, however, the Note, the Mortgage and the New Note, as hereinafter defined, are hereinafter collectively referred to as the "Agreements"); and

WHEREAS, as of April 1, 1976 most of the rail properties of the Penn Central Transportation Company (PCTC), were transferred to Consolidated Rail Corporation (ConRail), and most of the employees of BTC became ConRail employees to the end that BTC is no longer an operating company; and

WHEREAS, BRA has expressed its desire to terminate certain relationships with BTC as provided by the Agreements; and

WHEREAS, BTC is willing to agree to the termination of such relationships, as provided herein, upon the agreement by BRA to commence monthly payments on the New Note and to use its best efforts to prepay the New Note as provided herein; and

WHEREAS, in connection with the foregoing, BRA and BTC desire to modify future obligations owed one to the other under any and all of the Agreements and mutually to release each other from certain claims and obligations in respect of the Agreements;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, BRA and BTC, subject to all approval by any regulatory agencies with jurisdiction in the premises, by any appropriate judicial authority (collectively, the "Approvals"), and by the PCTC trustees do hereby agree as follows:

1. (a) On the "Closing Date" (as hereinafter defined),

BRA shall execute and deliver to BTC a New Note in the original principal amount of ONE MILLION FIFTEEN THOUSAND EIGHT HUNDRED FIFTY-FOUR DOLLARS (\$1,015,854) in substantially the form attached hereto as Exhibit A (the "New Note"), which note shall be secured by the Mortgage, and simultaneously with such execution and delivery, BTC will deliver the Note to BRA for cancellation.

(b) Pursuant to the terms of the New Note, BRA shall begin to make principal payments to BTC, without interest, in monthly installments of SEVENTEEN THOUSAND FIVE HUNDRED DOLLARS (\$17,500) each, commencing on the thirtieth (30th) day after the Closing Date and continuing on the same day of each successive month thereafter.

(c) BRA will exercise its best efforts to prepay, the New Note pursuant to its terms on or before that date two (2) years after the Closing Date. The amount of such prepayment shall be NINE HUNDRED FIFTEEN THOUSAND EIGHT HUNDRED FIFTY-FOUR DOLLARS (\$915,854) less the aggregate sum of the aforesaid monthly installments previously paid by BRA for the period commencing as of Closing Date and ending as the date of such prepayment.

(d) In the event BRA shall fail to make such prepayment, the monthly installments of SEVENTEEN THOUSAND FIVE HUNDRED DOLLARS (\$17,500) shall continue to be paid as aforesaid, but commencing with the first such installment of twenty-five (25) months after the Closing Date, each such installment shall include interest on unpaid principal balance at the rate of FIVE PERCENT (5%) per annum, computed monthly and payable in arrears. Each installment payment shall be applied first to the payment of accrued interest and the balance to the payment of principal. Notwithstanding BRA's failure to prepay the New Note in accordance with paragraph (c) hereof, during the term of the New Note BRA shall continue to exercise its best efforts to prepay the New Note.

(e) Except as provided in the New Note, no other money shall be payable by BRA or BTC under any of the Agreements, the Note or the Mortgage. Upon full payment, whether by prepayment or otherwise, by BRA of the New Note, BTC will execute, acknowledge and deliver to BRA a recordable discharge of the Mortgage substantially in the following form:

"The Boston Terminal Corporation, holder of a mortgage from Boston Redevelopment Authority to The Boston Terminal Corporation dated July 1, 1965 recorded with Suffolk County Registry of Deeds, Boston, Massachusetts, Book 8008, Page 789, and amended by a Modification Agreement dated , recorded with Suffolk County Registry of Deeds, Boston Massachusetts, Book , Page , acknowledges satisfaction of same."

and the New Note will be returned to BRA for cancellation.

2. (a) All of BTC's interest under any and all of the Agreements is hereby assigned to BRA without recourse or right of setoff, and without representations or warranties. BTC shall have no obligation to take any future action which BTC may otherwise have been required to be taken under any of the Agreements.
- (b) On the Closing Date, BRA and BTC shall execute mutual releases in substantially the form attached hereto as Exhibit B and made a part hereof.

(c) BTC represents and warrants to BRA that, subject to receipt of any approvals it deems appropriate, it has full right, power and authority to make such assignment.

3. On the Closing Date, BRA shall execute an assignment, in substantially the form attached hereto as Exhibit C and made a part hereof, to BTC of any and all causes of action which BRA may have against ConRail and/or the National Railroad Passenger Corporation ("Amtrak") for the use by ConRail, Amtrak, or any third party of any of the property that is the subject of that License Agreement for the period commencing April 1, 1976 and ending March 31, 1977.

4. BTC will, if requested by BRA, execute a nondisturbance agreement with respect to any tenants for any portion of the Mortgaged Property in substantially the form attached hereto as Exhibit D and made a part hereof.

5. On the Closing Date, the Mortgage shall be amended pursuant to a Modification Agreement providing that the Mortgage shall secure the New Note and deleting certain provisions relating to the Note. Such Modification Agreement shall be in substantially the form attached hereto as Exhibit E and made a part hereof and shall be recorded with the Suffolk County Registry of Deeds, Boston, Massachusetts.

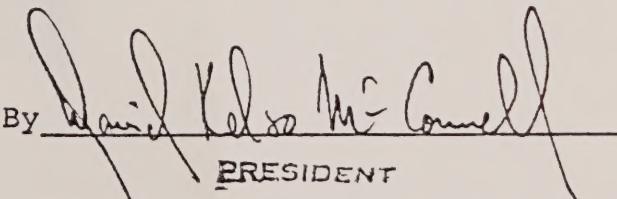
6. Promptly following the execution of this Agreement, BTC will request the Approvals, if any, and will exercise its best efforts to obtain the same.

Upon receipt of the Approvals, BTC will provide written notice thereof to BRA, and that date thirty (30) days following the date of such notice shall be the "Closing Date". If such notice is not received by BRA on or before April 1, 1978, BRA may terminate this Agreement by written notice without further recourse.

7. This Agreement shall be binding on the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the undersigned have hereunto executed this Agreement under seal pursuant to due authorization as of the day and year first above written.

THE BOSTON TERMINAL CORPORATION

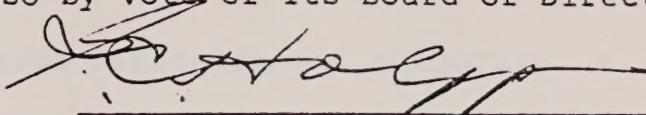
By 

PRESIDENT

I, G. C. HOLPF

Clerk of The Boston Terminal

Corporation hereby certify that David Kelso McConnell,
the person signing this Agreement on behalf of said corporation,
was duly authorized to do so by vote of its Board of Directors.



Clerk, The Boston Terminal
Corporation

BOSTON REDEVELOPMENT AUTHORITY

By _____

I, Charles Speleotis, General Counsel of Boston Redevelopment Authority, hereby certify that
the person signing this Agreement on behalf of said corporation,
was duly authorized to do so by vote of the Members of the
Boston Redevelopment Authority.

General Counsel, Boston Redevelopment Authority

EXHIBIT A
PROMISSORY NOTE

\$ 1,015,854

, 1978

FOR VALUE RECEIVED Boston Redevelopment Authority, a public body politic and corporate organized pursuant to Chapter 121B of the Massachusetts General Laws, as amended, ("BRA") promises to pay to the order of The Boston Terminal Corporation, a corporation organized and existing under the laws of The Commonwealth of Massachusetts, the principal sum of ONE MILLION FIFTEEN THOUSAND EIGHT HUNDRED FIFTY-FOUR DOLLARS (\$1,015,854). Payments hereunder shall be made at the offices of The Boston Terminal Corporation at

or at such other place as may be designated in writing by the holder hereof, as follows:

- (a) BRA shall begin to make principal payments to the holder hereof, without interest, in monthly installments of SEVENTEEN THOUSAND FIVE HUNDRED DOLLARS (\$17,500) each, commencing on the thirtieth (30th) day after the date hereof and continuing on the same day of each successive month thereafter.
- (b) BRA will exercise its best efforts to prepay this Note on or before that date two (2) years after the date hereof. The amount of such prepayment shall be NINE HUNDRED FIFTEEN THOUSAND EIGHT HUNDRED FIFTY-FOUR DOLLARS (\$915,854) less the aggregate sum of the aforesaid monthly installments

previously paid for the period commencing on the date hereof and ending on the date of such prepayment.

(c) In the event BRA shall fail to make prepayment as provided in the preceding paragraph (b) the monthly installments of SEVENTEEN THOUSAND FIVE HUNDRED DOLLARS (\$17,500) shall continue to be paid as aforesaid but commencing with the first such installment twenty-five (25) months after the date hereof each such installment shall include interest on unpaid principal balance at the rate of FIVE PERCENT (5%) per annum, computed monthly and payable in arrears. Each installment payment shall be applied first to the payment of accrued interest and the balance to the payment of principal. Notwithstanding BRA's failure to prepay this Note in accordance with paragraph (b) hereof, during the term of this Note BRA shall continue to exercise its best efforts to prepay this Note.

In the event of default in payment of any obligations due hereunder, thirty (30) days after written notice by the holder hereof to BRA, the entire principal balance outstanding hereunder together with accrued interest thereon shall, at the option of the holder hereof, be immediately due and payable without further demand, presentment or notice of any kind.

Except as aforesaid, BRA hereby waives presentment,
demand, notice of demand, protest and notice of nonpayment.

This Note is secured by a Mortgage recorded with the
Suffolk County Registry of Deeds, Boston, Massachusetts,
Book 8008, Page 789, as amended by an agreement of even date
herewith between BRA and The Boston Terminal Corporation,
recorded with the Suffolk County Registry of Deeds, Boston,
Massachusetts.

ATTEST:

BOSTON REDEVELOPMENT AUTHORITY

By: _____
Title _____

EXHIBIT B

MUTUAL RELEASE

WHEREAS, Henry M. Leen, Trustee of the property of BTC ("Trustee"), and BRA entered into an agreement dated as of December 31, 1965 pursuant to which certain property commonly known as South Station (the "Property") in Boston, Massachusetts was conveyed by BTC to BRA (the "Purchase and Sale Agreement"); and

WHEREAS, in connection with the aforesaid sale, Trustee and BRA entered into a management and occupancy agreement dated as of July 1, 1965 (the "Management Agreement") and a certain agreement dated as of July 1, 1965 pursuant to which, inter alia, BRA granted to BTC the right to use part of the Property (the "Track License Agreement"); and

WHEREAS, BRA delivered to Trustee, in part payment for the purchase price of the Property, a promissory note dated July 1, 1965 in the original principal sum of TWO MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$2,725,000) (the "Note"), which Note is secured by a mortgage (the "Mortgage")

dated as of July 1, 1965 on part of the Property; and

WHEREAS, BRA has executed a New Note of even date herewith (the "New Note") which New Note shall be secured by the Mortgage; and

WHEREAS, BRA and BTC are parties to a certain agreement dated January 15, 1970 pursuant to which, inter alia, BTC agreed to abandon certain property which it had a right to use under the Track License Agreement (the "Abandonment Agreement"); and

WHEREAS, BRA, BTC and the Trustees of the property of the Penn Central Transportation Company are parties to a Memorandum of Understanding dated October 2, 1972 (the "Memorandum of Understanding") (The Purchase and Sale Agreement, Track License Agreement, Management Agreement, Abandonment Agreement, Memorandum of Understanding and any other agreements or understandings by and between BRA and BTC, expressly excluding, however, the Note, the New Note and the Mortgage, are hereinafter collectively referred to as the "Agreements"); and

WHEREAS, BTC's interest under the Agreements has been assigned to BRA, without recourse or setoff and without representations or warranties; and

WHEREAS, ERA and BTC wish to release one another from all liability which may arise out of any of the Agreements;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, BRA and BTC do hereby mutually remise, release and forever discharge each other and their respective heirs, successors and assigns, of

and from any and all manner of action or actions, cause and causes of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, trespasses, damages, judgements, executions, claims and damages whatsoever, both at law or in equity arising out of or in connection with any of the Agreements which either may have had, now has or in the future may have for or by reason of any of the Agreements.

It is understood and agreed by the parties hereto that this Release is for the benefit of BTC and BRA only and nothing herein shall be deemed to affect in any manner any rights either party may have with respect to any third party, expressly including, without limitation, any causes of action which either party hereto may have against Consolidated Rail Corporation and/or the National Railroad Passenger Corporation.

It is understood and agreed by the parties hereto that nothing herein shall be deemed to affect in any manner any rights of BTC under, or obligations owed by BRA to BTC pursuant to, the Mortgage as amended pursuant to a Modification Agreement of even date herewith and/or the New Note.

IN WITNESS WHEREOF, the undersigned have hereunto set their respective hands under seal pursuant to due authorization as of the day and year first above written.

BOSTON REDEVELOPMENT AUTHORITY

By _____

THE BOSTON TERMINAL CORPORATION

By _____

EXHIBIT C

ASSIGNMENT

) Assignment made this day of , 1978 by
Boston Redevelopment Authority, a public body politic and
corporate organized pursuant to the provisions of Chapter
121B of the Massachusetts General Laws, as amended, ("Assignor"),
to The Boston Terminal Corporation, a corporation organized
and existing under the laws of the Commonwealth of Massachusetts
("Assignee").

In consideration of TEN (\$10.00) DOLLARS and other good
and valuable consideration, the receipt and sufficiency of
which are hereby acknowledged, Assignor does hereby set
over, transfer and convey to Assignee all of Assignor's
right, title, interest, claims and demands in and to any and
all causes of action, whether in contract, tort or otherwise,
now existing or hereafter arising in connection with the use
of or operation into or over the "Property" (hereinafter
defined) owned by Assignor, Consolidated Rail Corporation
("Conrail") and/or the National Railroad Passenger Corporation
("Amtrak") for the period commencing on April 1, 1976 and
ending on March 31, 1977. The term Property means that
certain property that is the subject of an agreement between
Assignor and Assignee granting Assignee certain rights to
use railroad track at South Station, Boston, Massachusetts,
dated as of July 1, 1965.

Assignee shall have all rights to bring any and all
actions against Conrail or Amtrak as if Assignee were Assignor
for all such purposes.

It is understood and agreed this Assignment is without recourse by Assignee against Assignor.

IN WITNESS WHEREOF, Assignor has hereunto set its hand under seal pursuant to due authorization as of the day and year first above written.

BOSTON REDEVELOPMENT AUTHORITY

By _____

ACCEPTANCE BY ASSIGNEE

Assignee accepts the above Assignment pursuant to the terms and conditions set forth therein.

Date , 1978.

THE BOSTON TERMINAL CORPORATION

By _____

EXHIBIT D

NONDISTURBANCE AGREEMENT

THIS AGREEMENT, made and entered into as of the day of , 19 , by and between THE BOSTON TERMINAL CORPORATION, a corporation organized and existing under the laws of the Commonwealth of Massachusetts ("Mortgagee") and , a corporation organized and existing under the laws of the ("Tenant").

W I T N E S S E T H:

WHEREAS, Tenant has entered into a certain lease (the "Lease") dated , 19 , with Boston Redevelopment Authority ("Landlord") demising the premises shown on Exhibit A attached hereto (the "Premises");

WHEREAS, Landlord granted to Mortgagee a mortgage dated July 1, 1965, (the "Mortgage"), recorded with the Suffolk County Registry of Deeds, Commonwealth of Massachusetts, at Book 8008, Page 789, covering, in part, the Premises, which Mortgage was amended by a certain Modification Agreement dated

, 1978, recorded with the Suffolk County Registry of Deeds, Commonwealth of Massachusetts, at Book , Page .

WHEREAS, Tenant's rights under the Lease are subject and subordinate to Mortgagee's rights under the Mortgage, as amended; and

WHEREAS, Tenant desires to be assured of continued occupancy of the Premises so long as Tenant is not in default under the terms of the Lease;

NOW, THEREFORE, in consideration of the covenants and promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. The Lease is and shall be subject and subordinate to the Mortgage, as amended, insofar as it affects the real property of which the Premises are a part.

2. In the event that Mortgagee forecloses the Mortgage or otherwise acquires the Premises, Mortgagee will neither join Tenant in such foreclosure or other proceedings nor disturb Tenant in its occupancy under the Lease so long as Tenant is not in default thereunder and so long as Tenant pays to Mortgagee any and all payments due to Landlord from Tenant under the terms of the Lease.

3. It is expressly understood and agreed by the parties hereto that Mortgagee does not assume or have any obligations to Tenant, howsoever arising, including, without limitation, any or all of Landlord's obligations or duties arising under the Lease or otherwise.

4. In the event that Mortgagee forecloses the Mortgage or otherwise acquires the Premises, and Tenant shall then, or thereafter, be in default under the Lease or shall fail to make payments as provided in paragraph 2 herein, Mortgagee shall have all the rights and privileges of Landlord under the terms and provisions of the Lease.

5. Mortgagee shall not be liable for any act or omission of Landlord.

IN WITNESS WHEREOF, the parties hereto have executed

this Agreement under seal as of the date first above written.

THE BOSTON TERMINAL CORPORATION

By _____

I, Clerk of The Boston Terminal Corporation hereby certify that , the person signing this Nondisturbance Agreement on behalf of said corporation, was duly authorized to do so by vote of its Board of Directors.

Clerk, The Boston Terminal Corporation

By _____

I, Secretary of , hereby certify that , the person signing this Nondisturbance Agreement on behalf of said corporation, was duly authorized to do so by vote of its Board of Directors.

Secretary

STATE OF

ss.

19

Then personally appeared before me the above named
, of The Boston Terminal Corporation who
acknowledged the foregoing instrument to be the free act and
deed of The Boston Terminal Corporation.

Notary Public

My Commission Expires:

COMMONWEALTH OF MASSACHUSETTS

ss.

19

The personnally appeared before me the above named
, of
who acknowledged the foregoing instrument to be the free act
and deed of

Notary Public

My Commission Expires:

EXHIBIT E
MODIFICATION AGREEMENT

WHEREAS, Boston Redevelopment Authority, a public body politic and corporate organized pursuant to Chapter 121B of the Massachusetts General Laws, as amended (hereinafter referred to as "Mortgagor"), has executed and delivered to The Boston Terminal Corporation, a corporation organized and existing under the laws of the Commonwealth of Massachusetts (hereinafter referred to as "Mortgagee"), a mortgage dated as of the first day of July, 1965 (the "Mortgage"), in Mortgagee's favor, covering certain property in Boston, Massachusetts, which Mortgage is recorded in Book 8008 , Page 789 of the Suffolk County Registry of Deeds, The Commonwealth of Massachusetts, to secure the payment of TWO MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$2,725,000) with interest thereon, as evidenced by a Note dated July 1, 1965; and

WHEREAS, Mortgagor desires to prepay the indebtedness due under the aforesaid Note in exchange for certain reductions to be made on said indebtedness; and

WHEREAS, Mortgagee is willing to permit said prepayment; and

WHEREAS, to evidence the reduced indebtedness, Mortgagor has executed a New Note in the original principal sum of ONE MILLION FIFTEEN THOUSAND EIGHT HUNDRED FIFTY-FOUR DOLLARS (\$1,015,854), (the "New Note"); and

WHEREAS, in connection with the execution of the New Note, Mortgagor and Mortgagee wish to modify the Mortgage to cause the Mortgage to secure the New Note and to delete certain language in the Mortgage relating to the original Note;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the Mortgagor and Mortgagee hereby agree as follows:

1. The paragraph commencing on Page 6 of the Mortgage with the words "The parties contemplate that most of the moneys" and ending on Page 7 of the Mortgage with the words "in the aggregate, in excess of ONE MILLION DOLLARS (\$1,000,000)" is hereby deleted in its entirety.

2. A new paragraph shall be, and hereby is, added following the paragraph on page 7 of the mortgage beginning with the words "This mortgage is further upon the STATUTORY CONDITION". Said new paragraph shall read in its entirety as follows:

"This mortgage shall secure a promissory note executed by BRA in favor of Terminal, dated , in the original principal sum of ONE MILLION FIFTEEN THOUSAND EIGHT HUNDRED FIFTY-FOUR DOLLARS (\$1,015,854)."

3. Except as set forth herein, the Mortgage shall be and remain in full force and effect.

IN WITNESS WHEREOF, the undersigned parties hereto have hereunto set their respective hands under seal pursuant to due authorization this day of , 1978.

BOSTON TERMINAL CORPORATION

By: _____

STATE OF

ss.

19

Then personally appeared before me the above named
, of The Boston Terminal Corporation who
acknowledged the foregoing instrument to be the free act and
deed of The Boston Terminal Corporation.

Notary Public

My Commission Expires:

COMMONWEALTH OF MASSACHUSETTS

ss.

19

Then personnally appeared before me the above named
, of Boston Redevelopment Authority
who acknowledged the foregoing instrument to be the free act
and deed of Boston Redevelopment Authority.

Notary Public

My Commission Expires:

I, Clerk of The Boston
Terminal Corporation hereby certify that , the
person signing this Modification Agreement on behalf of
said corporation, was duly authorized to so do by vote of
its Board of Directors.

Clerk, The Boston Terminal
Corporation

BOSTON REDEVELOPMENT AUTHORITY

By _____

I, Charles Speleotis, General Counsel of
hereby certify that
, the person signing this Modification Agreement
on behalf of said corporation, was duly authorized to do so by
vote of its Board of Directors.

General Counsel, Boston Redevelop-
ment Authority

MEMORANDUM

MARCH 23, 1978

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT F. WALSH, DIRECTOR

SUBJECT: BOARD AUTHORIZATION FOR DIRECTOR TO EXECUTE ATTACHED AGREEMENTS WITH BOSTON TERMINAL CORPORATION TERMINATING EXISTING AGREEMENTS WITH THAT COMPANY PERTAINING TO OUTSTANDING MORTGAGE AND MANAGEMENT AGREEMENT AND ESTABLISHING NEW TERMS FOR THE PAYMENT OF THE OUTSTANDING MORTGAGE NOW OWED TO THE BOSTON TERMINAL CORPORATION FOR SOUTH STATION.

On December 22, 1977, the Authority authorized the Director to negotiate new agreements pertaining to South Station whereby the Authority would establish new terms for the payment of the outstanding mortgage for that property. Negotiations have been completed with the BTC in accordance with the Memorandum of December 22 (a copy of which is attached for your information). Authorization is requested for the Director to execute the attached documents, releases and instruments. An appropriate Vote follows.

VOTED: That the Director is hereby authorized to execute the attached documents, agreements, releases, and instruments which terminate all previous agreements with the Boston Terminal Corporation and which also establishes new terms for the payment of outstanding mortgage obligations to said Corporation.

BOARD APPROVED *as amended*

MEMORANDUM

DECEMBER 22, 1977

TO: BOSTON REDEVELOPMENT AUTHORITY
FROM: ROBERT F. WALSH, DIRECTOR
SUBJECT: BOARD AUTHORIZATION FOR DIRECTOR TO NEGOTIATE NEW AGREEMENTS
WITH THE BOSTON TERMINAL CORPORATION PERTAINING TO SOUTH STATION

After lengthy negotiations with the Boston Terminal Corporation, a wholly owned subsidiary of the Penn Central and the entity from which the Authority acquired South Station, the staff has reached tentative agreement with BTC concerning long outstanding issues. As background to these negotiations, the Authority should be aware that we entered into a number of agreements with BTC in 1965. At that time, we purchased the property from BTC and granted a non-negotiable, direct reduction mortgage to that company in the amount of \$2,725,000.00. We also executed a "Management and Occupancy Agreement" with that company which obligated it to the future operation of the train station. We also granted BTC a "Track License Agreement" which allowed for the operation of the trains in and out of our Station. In return for granting the License Agreement, BTC was obligated to make a monthly payment to the Authority which in turn was applied to the reduction of the mortgage previously mentioned. As a result of ConRail taking over of the track facility in 1976 and because of the present operation of the Station by MBTA, the Authority is now in a position to finally settle its many outstanding issues with BTC.

The first issue concerns BTC's claim against the Authority for its deficiency in the operation of the facility which BTC claims to be between \$1M and \$1,500,000.00. Another outstanding issue between the parties is the amount of outstanding principle of the mortgage note which is in dispute because of differing accounting practices. The BTC is most anxious in resolving these issues because of their minimal involvement in the project and because of their desire to generate a cash flow from the project. The Authority is most interested in resolving any outstanding issues since we have tentatively designated the MBTA as the eventual developer of this site and want to be in a position to negotiate eventual disposition of the project free of any possible interference from BTC.

In light of the above, BTC is willing to waive their claim for the deficit in the operation of the facility in return for the Authority's obligation to turn over the monthly payments to it from MBTA for the use of the facility (none have been made since April 1, 1976). In that regard, the parties are willing to execute and deliver mutual releases discharging each other from all costs, liens, liabilities, causes of action and any other matters whatsoever relating to or arising out of the above-referred to agreements. In turn, BTC wants a new note and mortgage executed between the parties at a specific rate but on an agreed upon discounted value.

BTC is willing to accept monthly payments of \$17,500.00 from the Authority on an outstanding balance of \$915,854.00 which represents a discounted value on the note of approximately 25%. The Authority in agreeing to make said payment will simply be turning over money paid to it by the MBTA under its License Agreement. The monthly payments shall be applied to the reduction of the principle amount and the new note shall be interest free for two years. There will be no penalty for the Authority's pre-payment of this note during the two-year period. In the event the Authority does not pay off the note within the two-year period, a penalty of approximately 5 per cent per year shall be applied retroactively and interest will begin to accrue on the note at the rate of 5% yearly for all future payments.

Since this Agreement will allow us maximum flexibility in negotiations with MBTA, will settle long outstanding disputes with BTC, and will allow the Authority to achieve a discounted value on its outstanding obligations, I recommend that the Authority adopt the following Votes:

VOTED: That the Director is hereby authorized to negotiate any releases, documents, agreements, and instruments necessary to terminate all previous agreements with the BTC, including but not limited to the "Management and Occupancy Agreement", the "Track License Agreement", and the Mortgage and Note.

VOTED: That the Director is authorized to negotiate a new modified "Agreement", Note, Mortgage and Assignment with BTC whereby the Authority will be obligated to make monthly reduction payments to BTC of \$17,500.00 on the principle sum of \$915,854.00 for two years with no interest during said period, with no penalty for pre-payment during said two years, with interest to be applied to said principle at a rate of 5% yearly if pre-payment does not occur within the two-year period, said interest to be applied retroactively.

VOTED: That the Director, upon completion of the negotiations outlined herein, present said documentation to the Authority for approval.

